

AMENDED IN SENATE JANUARY 12, 2010

AMENDED IN SENATE DECEMBER 15, 2009

AMENDED IN SENATE APRIL 14, 2009

AMENDED IN SENATE APRIL 2, 2009

SENATE BILL

No. 613

Introduced by Senator Harman

February 27, 2009

An act to add Section 36447.15 to the Water Code, relating to water districts.

LEGISLATIVE COUNSEL'S DIGEST

SB 613, as amended, Harman. Irvine Ranch Water District and Santa Margarita Water District.

The California Water District Law provides for the formation and operation of California water districts. That district law authorizes the Irvine Ranch Water District and the Santa Margarita Water District, which are California water districts, to form improvement districts and to issue and sell general obligation bonds and consolidated general obligation bonds for improvement districts of those districts in accordance with specified requirements.

This bill would authorize the Irvine Ranch Water District and the Santa Margarita Water District to pledge and apply all or part of the revenues of each district to the payment or security of any or all of the principal, redemption price, and purchase price of general obligation bonds for improvement districts and consolidated general obligation bonds for improvement districts, and the interest thereon, in accordance with specified requirements. *The bill would require each district, on or before January 1, 2014, to submit a report to specified persons*

describing the district's use, if any, of the authority this bill would grant. The bill would make legislative findings and declarations regarding the need for special legislation.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~-yes.
State-mandated local program: ~~no~~-yes.

The people of the State of California do enact as follows:

1 SECTION 1. Section 36447.15 is added to the Water Code, to
2 read:
3 36447.15. (a) (1) Notwithstanding Section 36447, this section
4 applies only to the Irvine Ranch Water District and the Santa
5 Margarita Water District.
6 (2) As used in this section, "district" means the Irvine Ranch
7 Water District and the Santa Margarita Water District.
8 (b) To provide credit enhancement, liquidity support, or both,
9 in connection with, or incidental to, the issuance or carrying by
10 the district of any general obligation bonds for improvement
11 districts or consolidated general obligation bonds for improvement
12 districts, the district may pledge and apply all or any part of the
13 revenues of the district to the payment or security of any or all of
14 the principal, redemption price, and purchase price of those bonds,
15 and the interest thereon, in the manner and upon terms that the
16 board may deem advisable.
17 (c) In connection with the pledge, the board may provide in the
18 resolution, order, indenture, trust agreement, loan agreement, lease,
19 installment sale agreement, pledge agreement, or other document
20 in which the pledge is provided for or created, any covenants,
21 promises, restrictions, and provisions that the district may deem
22 necessary or desirable, including, but not limited to, covenants,
23 promises, restrictions, and provisions relating to the use of bond
24 proceeds, the maintenance, operation, and preservation of the

1 district's facilities, any rates and charges to be established and
2 collected by the district, including rates and charges for the services
3 or products furnished or provided by the district's facilities, the
4 incurring of additional indebtedness payable from the revenues,
5 and the establishment, maintenance, and use of reserve funds,
6 sinking funds, interest and redemption funds, maintenance and
7 operation funds, and other special funds for the payment or security
8 of any or all of the principal, redemption price, and purchase price
9 of bonds and the interest thereon.

10 (d) For the purposes of carrying out this section, the board may
11 exercise, but shall not be limited to exercising, the powers specified
12 in the Revenue Bond Law of 1941 (Chapter 6 (commencing with
13 Section 54300) of Part 1 of Division 2 of Title 5 of the Government
14 Code).

15 (e) Chapter 5.5 (commencing with Section 5450) of Division 6
16 of Title 1 of the Government Code shall govern the creation of
17 pledges authorized by this section.

18 (f) Prior to exercising the authority granted pursuant to this
19 section, the board shall adopt criteria to govern its determinations
20 to use pledges pursuant to this section. The criteria may include,
21 but are not limited to, evaluating the use of a pledge in lieu of or
22 in combination with other credit enhancement and liquidity options
23 available to the board.

24 (g) The authority granted by this section is in addition to, and
25 not in derogation of, any authority granted by other provisions of
26 law relating to the payment of the district's general obligation
27 bonds from the proceeds of assessments to be levied upon and
28 collected from lands of any improvement district or relating to the
29 levy and collection of the assessments. This section does not affect
30 any other law authorizing or providing for the issuance or carrying
31 of bonds by the district. This section shall be deemed to provide
32 a complete and supplemental method for exercising the powers
33 authorized by this section, and shall be deemed supplemental to
34 the powers conferred by other applicable laws.

35 (h) *On or before January 1, 2014, each district shall submit a*
36 *report to the Treasurer, the Chief Clerk of the Assembly, and the*
37 *Secretary of the Senate describing the district's use, if any, of the*
38 *authority granted pursuant to this section. The report shall include*
39 *all of the following:*

40 (1) *A description of each pledge made pursuant to this section.*

1 (2) *A discussion of the use of any district revenues to fulfill a*
2 *pledge made pursuant to this section.*

3 (3) *A discussion of any benefits or savings to the district*
4 *associated with the use of the pledge made pursuant to this section.*

5 SEC. 2. The Legislature finds and declares that this act, which
6 is applicable only to the Irvine Ranch Water District and the Santa
7 Margarita Water District, is necessary because of the unique and
8 special financing requirements applicable to those districts. It is,
9 therefore, hereby declared that a general law within the meaning
10 of Section 16 of Article IV of the California Constitution cannot
11 be made applicable to the districts and the enactment of this special
12 law is necessary to enable the districts to lower the financial burden
13 of debt service for the taxpayers of those districts.

14 SEC. 3. *If the Commission on State Mandates determines that*
15 *this act contains costs mandated by the state, reimbursement to*
16 *local agencies and school districts for those costs shall be made*
17 *pursuant to Part 7 (commencing with Section 17500) of Division*
18 *4 of Title 2 of the Government Code.*